

THE FRANKLIN COUNTY BOARD OF SUPERVISORS HELD A BUDGET WORKSESSION ON TUESDAY, FEBRUARY 4, 2014 AT 3:00 P.M., IN THE BOARD OF SUPERVISORS MEETING CONFERENCE ROOM, LOCATED IN THE GOVERNMENT CENTER, 1255 FRANKLIN STREET, SUITE 110, B-75 CONFERENCE ROOM, ROCKY MOUNT, VIRGINIA.


THERE WERE PRESENT: David Cundiff, Chairman
 Cline Brubaker, Vice-Chairman
 Bob Camicia
 Ronnie Thompson
 Charles Wagner
 Leland Mitchell
 Bobby Thompson

OTHERS PRESENT: Richard E. Huff, II, County Administrator
 Christopher Whitlow, Deputy Co. Administrator
 Sharon K. Tudor, MMC, Clerk


David Cundiff, Chairman, called the meeting to order.

Richard E. Huff, II, County Administrator, presented the following budget PowerPoint presentation:

Franklin County Board of Supervisors
February 4, 2014




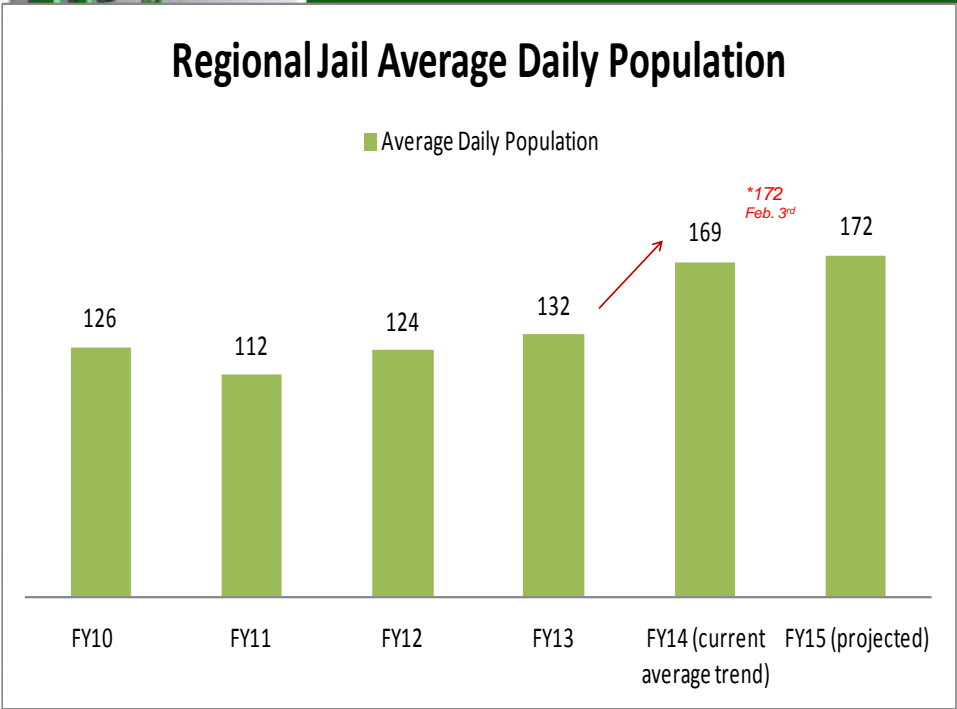
FY14-15 Budget Preview 2



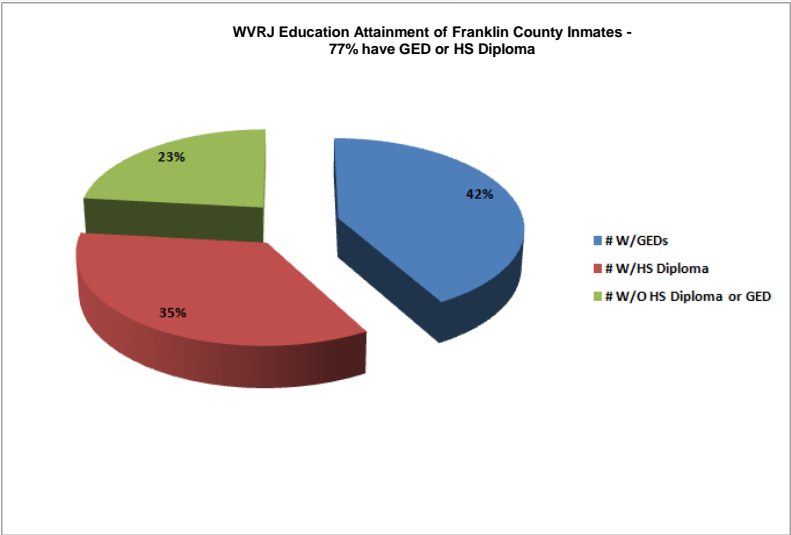
FY 14-15 Budget Glimpse

- Federal – State Required Mandates
- Increasing Service Demands
- Stagnant Revenues
- Long Term Capital Needs

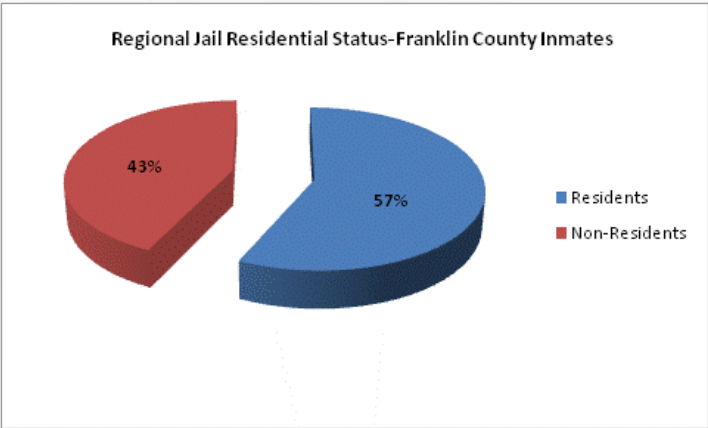




Franklin County Regional Jail Inmates Snapshot 2-3-14



Franklin County Regional Jail Inmates Snapshot 2-3-14





Three Year Outlook

- FY14-15 - Hit hard with Regional Jail, CSA, School VRS, and State Mandates for Schools, Composite Index reset, New Governor
- FY15-16 - 2nd Year of State Budget Biennium, Short General Assembly Session, No anticipated changes to any indexes, twice year tax collections?
- FY16-17 - New Reassessment Values take effect on January 1, 2016 upon which tax collection is based for December, 2016, part of FY16-17 budget, First full state budget from new Governor



Capital Debt Service Planning

Franklin County												
Analysis of Debt Service and Total Outstanding Debt												
February 4, 2014												
		Proposed Projects										
	Existing		Radio	Business	Career	Existing &	Dollars Needed	Equivalent		Addition		Approx Total
Fiscal	County &					Proposed Debt	vs FY13-14	Pennies	Cumulative Tax	to(Use) of	Cumulative Debt	Outstanding
Year	School Debt	Landfill	System	Park	Technical Center	Service		Required	Increase	Reserve	Reserve Balance	Debt
13-14	\$4,744,292					\$4,744,292	\$0				\$2,676,999	\$35,768,596
14-15	\$5,083,248					\$5,083,248	\$338,956				\$2,338,043	\$32,088,340
15-16	\$4,577,248					\$4,577,248	-\$167,044			\$17,167,044 *	\$19,505,087	\$111,800,704
16-17	\$4,512,248		\$2,312,215	\$722,183	\$2,560,123	\$10,106,769	\$5,362,477			-\$5,362,477	\$14,142,610	\$105,836,726
17-18	\$4,229,853	\$564,127	\$2,312,215	\$722,183	\$2,610,123	\$10,438,501	\$5,694,209			-\$5,694,209	\$8,448,401	\$99,801,431
18-19	\$4,048,351	\$564,127	\$2,312,215	\$722,183	\$2,660,123	\$10,306,999	\$5,562,707			-\$5,562,707	\$2,885,694	\$93,801,431
19-20	\$3,656,460	\$564,127	\$2,312,215	\$722,183	\$2,660,123	\$9,915,108	\$5,170,816	6.00	\$3,810,000	-\$1,360,816	\$1,524,878	\$87,801,431
20-21	\$3,618,850	\$564,127	\$2,312,215	\$722,183	\$2,660,123	\$9,877,498	\$5,133,206		\$3,810,000	-\$1,323,206	\$201,672	\$81,801,431
21-22	\$2,833,972	\$564,127	\$2,312,215	\$722,183	\$2,660,123	\$9,092,620	\$4,348,328	1.00	\$4,445,000	\$96,672	\$298,344	\$81,101,431
22-23	\$2,816,892	\$1,250,501	\$2,312,215	\$722,183	\$2,660,123	\$9,761,914	\$4,678,666		\$4,445,000	-\$233,666	\$64,678	\$75,101,431



School Mandates

Schools Mandated

*VRS Rate Increase	\$1,257,101
1.15% Pay Increase (Employee Pays Additional 1% Retirement)	\$193,196
*Prevention, Intervention and Remediation Programs	\$148,100
*At Risk Programs	\$123,874
*Virginia Preschool Initiative	\$198,000
*Early Reading Intervention	\$23,993
	\$1,944,264
Less State Revenues	(\$1,084,761)
Less Local Revenues	(\$591,043)
Shortfall to Meet Mandated State Requirements	(\$268,460)



Other School Pressures

Schools	Additional Requests	
Two Pre-K Teachers and Two Pre-K Paraprofessionals		\$151,510
Can be eliminated if VPI funded		
Alternative Education Center		\$203,579
Can be eliminated if PIR & At Risk funded		
1.5% Minimum Move up one step pay Increase (average 2.25% across payroll)		\$1,253,748
Revise Pay Scales for LPN's and Paraprofessionals		\$222,850
Two Elementary Guidance Counselors		\$115,099
Can be reduced if PIR & At Risk funded		\$46,704
Three Social Workers (SAS)		\$161,837
Planning for Focused Use of Technology		\$70,000
One Behavior Analyst Specialist		\$80,892
Additional Administrators (BFMS, FCHS) Increased Behavioral Issues		\$190,690
Employee Group Health Insurance Increase		\$490,050
Two ITRT's		\$107,891
Twelve School Bus Replacements		\$1,118,408
Less Bus Funds in County CIP		(\$340,000)
Email Archiving System		\$70,000
	Additional Shortfall	(\$3,473,070)
	Total Additional To Do Everything	(\$3,741,530)



School Prioritized Issues

Prioritized Order of School Budget Funding Issues

1. Additional State Revenue from Governor McDonnell's Proposed 2014-15 Budget +\$1,084,761
2. VRS Retirement Health Care Credit and Group Life Insurance (\$1,257,101)
3. VRS Phase-In of an Additional 1.00% Retirement (\$193,196)
4. Additional State Program Costs for PIR, At Risk, VPI and ERI (\$493,967)
5. Two Pre-K Teachers and Two Pre-K Paraprofessionals (\$151,510)
6. Alternative Education Center (\$203,579)
7. 1.50 Minimum Move up one step Pay Increase (\$1,253,748)
8. Funding to Revise Pay Scales for Paraprofessionals and LPN's (\$222,850)
9. Two Elementary Guidance Counselors (\$115,099)
10. Three Social Workers (SAS) (\$161,837)
11. Planning for Focused Usage of Technology (\$70,000)
12. One Behavior Analyst/Specialist (\$80,892)
13. One Administrator for FCHS (\$95,345)
14. One Administrator for BFMS (\$95,345)
15. Employee Group Health Insurance Increase (\$490,050)
16. Two ITRT's (\$107,891)
17. Twelve School Bus Replacements (\$1,118,408)
18. E-mail Archiving System (\$70,000)

Total of Items 1-18 = (\$5,096,057)

[19]



Schools Summary

Schools	Mandated	Schools	Additional Requests
*VRS Rate Increase	\$1,257,101	Two Pre-K Teachers and Two Pre-K Paraprofessionals	\$151,510
1.15% Pay Increase (Employee Pays Additional 1% Retirement)	\$193,196	Can be eliminated if VPI funded	
*Prevention, Intervention and Remediation Programs	\$148,100	Alternative Education Center	\$203,579
*At Risk Programs	\$123,874	Can be eliminated if PIR & At Risk funded	
*Virginia Preschool Initiative	\$198,000	1.50 Minimum Move up one step pay Increase (average 2.25% across payroll)	\$1,253,748
*Early Reading Intervention	\$23,993	Revise Pay Scales for LPN's and Paraprofessionals	\$222,850
	\$1,944,264	Two Elementary Guidance Counselors	\$115,099
Less State Revenues	(\$1,084,761)	Can be reduced if PIR & At Risk funded	\$46,704
Less Local Revenues	(\$591,043)	Three Social Workers (SAS)	\$161,837
Shortfall to Meet Mandated State Requirements	(\$268,460)	Planning for Focused Use of Technology	\$70,000
		One Behavior Analyst Specialist	\$80,892
		Additional Administrators (BFMS, FCHS) Increased Behavioral Issues	\$190,690
		Employee Group Health Insurance Increase	\$490,050
		Two ITRT's	\$107,891
		Twelve School Bus Replacements	\$1,118,408
		Less Bus Funds in County CIP	(\$340,000)
		Email Archiving System	\$70,000
		Additional Shortfall	\$3,473,070

Total Additional to do Everything (\$3,741,530)



County Mandates

County Mandated/Required	
Regional Jail-Operational Increase	\$420,888
Regional Jail-Capital Requirement	\$222,579
Comprehensive Services Act 30% increase trend developing	\$150,000
Courthouse Security Screeners Assumes PT Deputies Used (8 Mos.)	\$47,500
County Agricultural Fair Start Up Costs	\$50,000
Increase at TLAC for Shoreline Redelineation	\$17,436
Storm water Specialist-State Mandated Program	\$55,886
	(\$964,289)
Discretionary Revenue	\$529,240
Shortfall to Meet Mandates	(\$435,049)



Other County Pressures

County Additional Requests	
Employee Health Insurance Projected Increase (12%)	\$300,000
Increase PT Budget Sheriff's Department	\$50,000
Registrar Increased PT Staff Demands Due to State Mandates	\$17,600
Additional Benefit Program Specialist (FAMIS shifted to localities)	\$16,741
Compensation Increase (2.25%)	\$382,500
Move Paramedic Firefighters from 24 hour shift to 12 hour shift (3 additional staff)	\$180,661
Westlake Library Additional Hours - Currently Closed on Mondays	\$29,344
Additional Shortfall	(\$976,846)

Total Additional to do Everything (\$1,411,895)



County –Positions Requested due to increased workload pressures

County Additional Position Requests	
Commissioner of Revenue-Deputy Clerk II	\$47,318
Information Technology - PC Technician	\$58,029
Clerk of Court - Deputy Clerk	\$42,830
Sheriff - Correction Officer	\$67,080
Sheriff - Court Security Deputy	\$67,080
Sheriff - Court Security Deputy	\$67,080
Sheriff - Narcotic Deputy	\$76,080
Public Safety - Animal Control Officer	\$75,891
Public Safety - Paramedic Firefighter	\$55,576
Public Safety - Paramedic Firefighter	\$55,576
Public Safety - Paramedic Firefighter	\$55,576
Social Services - Adult Family Services Specialist-Local Cost	\$12,563
Social Services - Foster Family Services Specialist-Local Cost	\$12,563
Social Services - Foster Family Services Specialist-Local Cost	\$12,563
Social Services - Benefit Program Specialist-Local Cost	\$11,575
Social Services - Benefit Program Specialist-Local Cost	\$11,575
Economic Development - Entrepreneurship & Special Projects Manager	\$66,080
	\$795,036



County Summary

County Mandated/Required		County Additional Requests	
Regional Jail-Operational Increase	\$420,888	Employee Health Insurance Projected Increase (12%)	\$300,000
Regional Jail-Capital Requirement	\$222,579	Increase PT Budget Sheriff's Department	\$50,000
Comprehensive Services Act 30% increase trend developing	\$150,000	Registrar Increased PT Staff Demands Due to State Mandates	\$17,600
Courthouse Security Screeners Assumes PT Deputies Used (8 Mos.)	\$47,500	Additional Benefit Program Specialist (FAMIS shifted to localities)	\$16,741
County Agricultural Fair Start Up Costs	\$50,000	Compensation Increase (2.25%)	\$382,500
Increase at TLAC for Shoreline Redelineation	\$17,436	Move Paramedic Firefighters from 24 hour shift to 12 hour shift (3 additional staff)	\$180,661
Storm water Specialist-State Mandated Program	\$55,886	Westlake Library Additional Hours - Currently Closed on Mondays	\$29,344
	(\$964,289)		
Discretionary Revenue	\$529,240		
Shortfall to Meet Mandates	(\$435,049)	Additional Shortfall	(\$976,846)

Total Additional to do Everything Not Incl. Add'l Positions
(\$1,411,895)



Combined Shortfall
Beyond Available Revenues

- County Mandated/Required - \$435,049
- County Additional Requests - \$976,846

- Schools Mandated/Required - \$268,460
- Schools Additional Requests - \$3,473,070
- Total Shortfall \$5,153,425



Budget Scenarios

- Assumptions
 - The listed items do not include general inflationary or smaller increases throughout both budgets, such as health care premium changes, electricity and heating oil changes, maintenance agreements on software that have increased, etc.
 - Real Estate 1¢ = \$635,000
 - Personal Property 1¢ = \$50,024
 - \$1 on Vehicle License Fee = \$58,000
 - \$34.25 on VLF rather than \$25.00 would generate approximately \$500,000



Davenport – “Challenges for the Future”

- The Overall Economic Environment, from the International Level (e.g. *European Sovereign Debt Crisis*) to the Local Level (i.e. *Falling Assessments due to Decline in Housing Market*), will Continue to be a Challenge into the Coming Fiscal Year(s).
- Maintaining Structurally Balanced Budgets into the Future Given the Continued Sluggish Economy and Falling Assessments will be Important to Maintaining the County's High Credit Ratings and Solid Financial Standing.
- Continuing to Match Ongoing Revenues with Ongoing Expenditures and Not Relying on One-Time Revenues (i.e. *Fund Balance*) to Balance the Budget.
- Maintaining Adequate Reserve Levels that are in Compliance with Adopted Policies will be Critical to Maintaining the County's Credit Ratings.
- Continuing to Plan for the Long-Term as it Relates to Capital Projects may be Challenging but will Allow the County to Move Forward with Necessary Capital Projects while Maintaining Debt Levels Within the Range of “Best Practices.”



Scenario A

- No Tax Increase
 - County will be **\$435,049** short and will need to cut from within just on mandated. Total out of balance at present is **\$643,000**.
 - Schools will be **\$268,460** short and will need to cut from within just on mandated. Out of balance figure not yet known.

\$703,509 Just to Meet Mandated/Required Issues



Scenario B

- 1¢ Real Estate Increase
 - Will provide \$635,000
 - Will not cover mandated out of balance total of \$703,509
 - If \$635,000 split based on out of balance amount as % of \$703,509
 - County- \$392,683 leaving \$42,366
 - Schools- \$242,317 leaving \$ 26,143
 - \$635,000
 - Does not cover any non-mandated needs
 - Does not cover any future capital debt service
 - Could add VLF or PP to evenly distribute tax burden



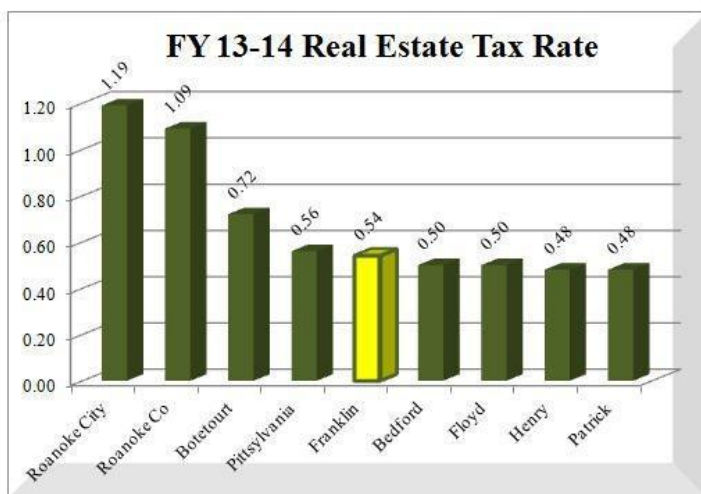
Scenario C

- 2¢ Real Estate Increase
 - Will provide \$1,270,000
 - If a penny went to schools and a penny to County,
 - Would cover mandated shortfall for County plus \$199,951 of miscellaneous increases
 - Would cover mandated shortfall plus \$366,540 of other priorities
 - Does not cover any future capital debt service
 - Could add VLF or PP to evenly distribute tax burden

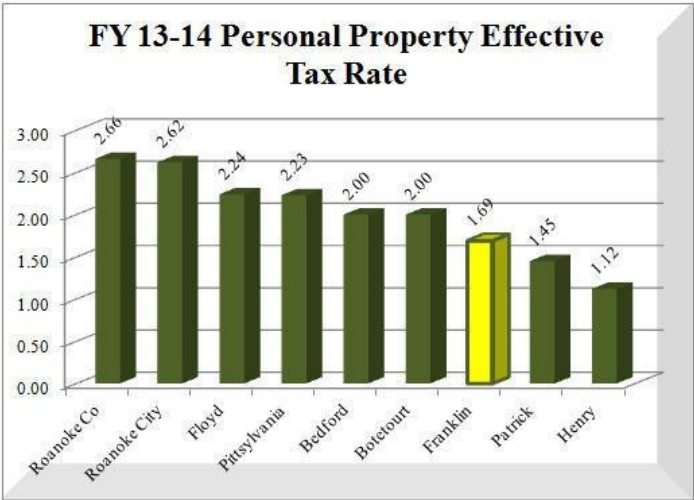


Scenario D

- 3¢ Real Estate Increase
 - Will provide \$1,905,000
 - If a penny went to schools and a penny to County,
 - Would cover mandated shortfall for County plus \$199,951 of miscellaneous increases
 - Would cover mandated shortfall plus \$366,540 of other priorities
 - One penny goes to future capital debt service
 - 6¢-7¢ equivalent needed over next several years depending on when projects are initiated
 - Could add VLF or PP to evenly distribute tax burden



**Source: Survey of County Offices*



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 **Discussion** 

General discussion ensued regarding the scenarios offered with regards to funding the mandated/required issues.

The Board will discuss budget items during their Tuesday, February 18, 2014, scheduled monthly meeting.

Chairman Cundiff adjourned the meeting.

DAVID CUNDIFF
CHAIRMAN

SHARON K. TUDOR, MMC
COUNTY CLERK